

INFLUENCING CONSUMER FOOD CHOICES: 'INDIAN CONFECTIONERY BISCUITS INDUSTRY'

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ABSTRACT

The paper describes how consumer food choices are effected by various things. Paper first talks about the current scenario of biscuit industry in Indian Market and how premium biscuits sales are on rise as compared to the glucose biscuits. It then talks about various factors like Packaging, Price, Brand, Health Marketing etc. which affect the consumer choices which buying a biscuit.

KEYWORDS: Paper First, Indian Market, Biscuits Sales, Glucose Biscuits

Received: Jul 01, 2016; **Accepted:** Jul 29, 2016; **Published:** Aug 03, 2016; **Paper Id.:** IJSMMRDAUG20161

INTRODUCTION

The choices of consumer regarding which food to use is a combination of various factors. From a company's point of view, marketing of the product plays a vital role. There is a lot of complexity while deciding what to use, as eventually the consumer is susceptible to a wide range of forces. Segmentation and targeting plays an important role, targeting consumers on the basis of their age, demographics, economic status etc. Then comes the advertisement and promotional campaigns which are designed accordingly in order to build the desirable brand image. Connecting things with emotions is also a popular tool which is used by companies to influence food choices of consumers. The claim of having 'low fat' nutritional value is one of the most common example that we can relate to and it is successfully working for many big companies. Some marketing program focusses on the affluent section of society, they create the pull marketing effect as by creating the product image such that it is being used by the upper class and thus making it to be a status symbol. Packaging, Price, Brand, Nutrition Value, are some other important factors which influence the consumer food choices. Packaging is generally the one thing that actually differentiates the product from the rest in the market. Price becomes arguably the most important factor when we think of the rural areas like small towns and villages.

Day of a typical Indian family starts with sipping tea along with biscuits. Bakery industry in India started in the late 19th century (1887). From being considered as a sick man's diet to become the most loved fast food product, biscuit industry has grown to a large extent with currently India being third largest manufacturer of biscuits. It is largest among all the food industries and had an annual turnover of around Rs.3000 crores in 2013.

With high competition in the market, biscuit companies constantly change and update their marketing strategy in order to influence consumers to buy their product.

Current Scenario of Biscuit Industry in India

Presently, premium biscuits account for 20% of the total biscuit sales in the industry. However, it has been observed that due to an increase in disposable income of the consumers, there has been a shift from purchase of mass products towards premium products. The sales of glucose biscuits have almost reached a point of saturation and now are expected to decline over the coming years. Consumers are now actively purchasing cream biscuits and cookies, and therefore all major biscuit brands are changing their portfolio to enter into the premium biscuit segment, in order to meet consumer demand as well as earn higher margins that this segment offers. The leaders in the premium biscuit category are ITC, Parle, Britannia and Priya Gold.

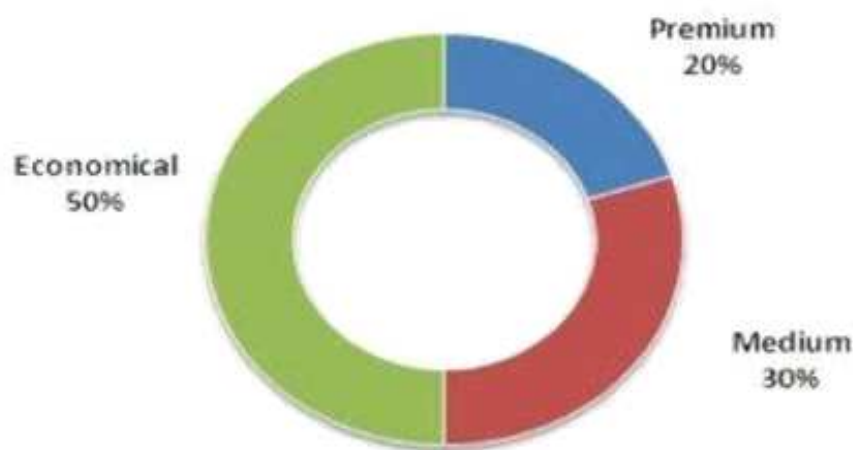


Figure 1: Biscuits Industry Segmentation by Price in FY 2014 (by Value)

According to the product lifecycle curve, glucose biscuits are in the maturity stage while the premium biscuits are in their growth phase. Being in the growth phase, there are a lot of competitors who are investing in premium biscuit sector, to earn huge profits. There is a 'price war' being fought amongst them. Companies are trying to increase their market share by either improving their supply chain network or by distinguishing their product offerings on the basis of taste, quality and nutritional value to carve a niche in this area, while pricing their products at high amounts. They also use new advertising techniques and marketing strategies to make their product stand out.

The growth of the biscuit industry leaders is generally contributed to stable price of raw materials like wheat and sugar, launching new products as well as investing on marketing strategy and advertising to create awareness about the brand as well as their products. Taking the case of Britannia, the company's profit showed a 54.7% increase in over a year, as the firm increased its spending on advertising and promotional activities to build the brand image and create awareness about its new products, by participating in large marketing events like ICC cricket world cup. The company also improved their supply chain by expanding their distribution network and opened up small factories in areas, aimed at meeting popular local biscuit demand.

Influencing Consumer Buying Decisions in Biscuits

It has been identified that various factors affect consumer buying behaviour when they purchase biscuits. Nutritional value, price, brand, advertising and promotional schemes used, and most importantly, quality and taste, are the key factors driving consumer decision.

Recent years have witnessed a change in lifestyle, as the life of people has become fast paced and both men and women have started working and contributing towards the household

Income. Due to this, a paradigm shift has been observed in the eating habits of people, and consumption of freshly made food has decreased, which has been accompanied by an increase in the consumption of processed and packaged food like biscuits.

- **Price Affecting Consumer Buying Behaviour**

Income and Social class of consumers also determine their buying behaviour. People belonging to low income groups, like in rural areas are more prone towards buying low priced biscuits as well trying out new biscuits based on combo offers or promotional schemes launched by the company. Studies show that Britannia's rural share is one fifth of Parle's. Due to this discovery, the firm is focussing on rural penetration by introducing all the biscuits under 'Tiger' umbrella in rural markets. Biscuits circulated in these areas are generally commodity products, with price as the only differentiating factor, along with brand loyalty, once the customer is satisfied with product quality. While people belonging to high income groups generally do not tend to purchase biscuits on the basis of price, due to higher affordability as well as to satisfy their 'Esteem needs', in addition to consumption. High income group consumers are in fact the major buyers of premium biscuits.

- **Inducing Pester Power among Kids**

Biscuit manufacturers try to cash in on children's 'pester power', which can be defined as a child's ability to nag their parents to induce purchase. With the advent of nuclear families and higher fraction of mothers working outside their home, child consumerism is on the rise. Kids are also the major deciders in choosing the brand of biscuits and that they have the final say in purchase in this category. Studies have shown that kids have high brand recognition ability. Biscuit companies try to induce pester power in kids to boost their sales. Studies have shown that while kids' main preference for biscuits are based on taste, there are other factors that influence their choice. Companies try to reinforce a brand in the mind of a kid by associating it with things or events that kids adore. Companies air kids specific advertisements on exclusive kids-only channels like POGO and Cartoon Network. Celebrities are also roped in to advertise biscuit brands to increase brand recognition among kids. Product placement targeting kids is also growing as marketers introduce brands the sets and increasingly the scripts on children's shows and movies. Other factors that influence kids are merchandise related to their favourite cartoons. For example, Oreo's advertising of 'Open, Link and Dunk' is very popular among children.

- **Effect of Packaging**

Packaging is a very important aspect of a product and in some case can even act as the differentiating factor. Package appeals to consumers' attentiveness towards a certain brand, increases its image and stimulates consumer's perceptions about the product. Package size, color, shape, graphics and labels are the important factors to be considered in the biscuit industry. Studies also show that packaging has to correlate to the product. For instance, a pack of chocolate

biscuits cannot be colored red. Brown colored packaging is used to stimulate the image of chocolate biscuits in the mind of the consumer. Moreover, graphics and images are a very important aspect of packaging. The packaging should be more 'delicious looking' to stimulate the consumer to purchase the product. Labels also play a very important role. Information such as ingredients, nutritional information and description of product help rational consumers in making informed choices. For example, all premium biscuits have elaborate images on the packages while digestive biscuits are loaded with nutritional information.

- **Marketing Health**

There has been an increase in programs and advertisements spreading awareness about health concerns due to rising incidence of health conditions, mainly due to unhealthy eating habits employed by people, which is accompanied by an increase in the cost of healthcare. Also consciousness about personal looks has increased, and more and more people are focussed on becoming fit and fighting obesity. As a result, consumers have started taking into account the nutritional content, specifically the calorie intake of the product that they purchase, while ensuring that the taste is not compromised. Many biscuit companies add information like 'High Fiber' or 'Low Fat' to their packaging. In recent years, many biscuit companies have launched healthy products such as Digestive Biscuits, Cream Crackers and Atta biscuits instead of Maida ones. For instance, Mc Vities markets its biscuits as 'healthy' as it is made from atta (whole wheat flour). Britannia uses the tagline 'Eat Healthy, Think Better' for its range of Marie, Glucose and other low fat biscuits.

- **Sales Promotions**

Sales promotion are employed by manufacturers to acquire a short term boost in sales. But these promotions may not be able to create customer loyalty. Sales promotion can be done through different means like coupons, discounts, festive offers or offers to get lucky and win gifts etc. Biscuit industry has an interesting problem. Since the principal product is the same, that is, biscuits, branded players like Parle, Britannia, ITC have only one way to get market share and that is volume penetration. Hence, sales promotion and distribution become differentiators among these brands. For a fast moving product like biscuits there are two main factors to keep in mind. Sales promotion should differentiate brands and buying frequency. The effectiveness of sales promotion schemes may depend on monetary benefits, quality, convenience, exploration etc. A huge drawback of sales promotion is that people switch to a promoted brand for benefits like price and hence when promotion ends brand switching happens again and company does not gain loyal consumers. Some of the sales promotion schemes employed are seasonal or festive schemes where brand forms a culture of providing

Certain benefits at some specific time. For example, Parle G provides larger packets in festive seasons. Also with the increasing use of internet the promotions have moved to internet also. For example, on Paytm website there was an offer which rewarded the customer payback Rs 20 on purchase of Britannia Bourbon biscuit worth Rs20. Sales promotions also targets events like "Cricket World Cup" to get sports lovers to buy their goods as Britannia did this by sponsoring the world Cup. So sales promotion can attract and influence consumer choices but only for a short time and hence big brands have to continually engage in them to capture market share.

- **Distribution and Availability**

The consumer choices can also be affected by the fact that if a product is available near him. For food items like biscuit the presence of a particular biscuit on the retailer's counter also influences the consumer's decision. Generally, is consumers don't see it in the retail store they will abandon it. Hence availability and distribution also become influencing

factors. This is the factor that Parle G exploits. With over 1500 wholesalers and six million retail store Parle G reaches every nook and cranny of India and hence gained its immense popularity. This gives Parle G edge over Britannia as Britannia is still not able to reach rural markets which forms a large chunk of the overall market.

- **Other Factors Influencing Consumer Purchase decisions**

Companies also focus on satisfying the emotional needs of the consumers by appealing to consumer emotions. ITC's Sunfeast has the brand essence: 'Spread the smile', with which emotions such as happiness, contentment and satisfaction are associated. The packaging used also has the face of a 'sun' on it. Further the brand's tagline- 'jo de jitnekishakti', also aims at enhancing the brand's emotional appeal.

CONCLUSIONS

Consumer's buying decisions are also influenced to some extent, by the retailer's opinion as well as by word of mouth, in general.

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